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DEVICE FOR CAMBODIANS AS WELL AS SOURCE OF NEEDED INFORMATION FOR THIRD COUNTRIES, (D) JAPANESE INTERESTS, INCLUDING ECONOMIC BENEFITS FROM INDO-CHINA CONFLICT AND POTENTIAL BENEFITS FROM STABILITY, AND (E) NEED FOR COUNTRIES INTERESTED IN FUTURE OF FREE AND NEUTRAL CAMBODIA TO ACT IN ORDER TO UTILIZE CURRENT OPPORTUNITY.

2. YASUKAWA OUTLINED PREVIOUSLY REPORTED GOJ EFFORTS TO FIND FUNDS FOR CAMBODIAN AID. HE DREW CLEAR DISTINCTION BETWEEN "EMERGENCY AID (GRANT)" TO BE GIVEN DURING THIS FISCAL YEAR AS OPPOSED TO FUTURE ASSISTANCE SUCH AS A LOAN AGREEMENT WHICH MIGHT BE POSSIBLE DURING JAPAN'S NEXT FISCAL YEAR BEGINNING APRIL 1. HE SPECIFIED, HOWEVER, THAT IT WAS CURRENTLY "PREMATURE" TO CONSIDER A NORMAL LOAN AGREEMENT. YASUKAWA/KANAZAWA INDICATED THAT ADDITIONAL TWO MILLION DOLLARS TO BE DRAWN FROM BUDGET RESERVE FUND AND USED FOR TRUCKS IS MOST PROBABLY FORM OF ADDITIONAL IMMEDIATE GOJ ASSISTANCE AND THEY IMPLIED STRONGLY THAT IT WAS BEST GOJ COULD DO AT THIS TIME. EVEN ON THAT ITEM, HOWEVER, THERE WAS NO MOF APPROVAL. ONLY OTHER IMMEDIATE POSSIBILITY MIGHT BE DOLS 280 THOUSAND OF FUNDS FOR FERRY BOATS WHICH GOJ MIGHT BE ABLE TO SWITCH TO OTHER COMMODITIES. OTHER POSSIBILITIES, INCLUDING USE OF LEFT-OVER FUNDS FROM PREK THNOT DAM PROJECT AND TEN MILLION YEN THAI SPECIAL FUND, WERE DISCOUNTED. WITH REGARD TO THAI SPECIAL YEN FUND, YASUKAWA SPECIFIED THAT GOJ COULD NOT TAKE INITIATIVE IN GETTING FUNDS TRANSFERRED TO CAMBODIA AND COULD NOT ACCEPT ANY CONTRACTS SUBMITTED BY THAIS WHICH STATED THAT ULTIMATE DESTINATION WAS OTHER THAN THAILAND. HE FURTHER SPECIFIED THAT WHILE GOJ COULD MAKE NO COMMITMENT TO THAILAND ON REIMBURSEMENT, GOJ WOULD BE PREPARED TO DISCUSS QUESTION OF ASSISTANCE WITH THAIS THIS FALL DURING PREVIOUSLY SCHEDULED AID NEGOTIATIONS. THAI FUNDS, HOWEVER, COULD NOT BE REPLACED ON GRANT BASIS. THEY ALSO SAID THAT FONOFF, IN REVERSAL PREVIOUS POSITION, NOW FELT IT PREFERABLE TO AID CAMBODIA DIRECTLY RATHER THAN THROUGH CIRCUMSPECT MEASURES. IF LATTER BECAME KNOWN, GOJ WOULD BE IN WORSE DOMESTIC POLITICAL POSITION.

3. FOLLOWING GREEN QUERY ABOUT GOJ ATTITUDE ON IMF SURVEY AND POSSIBLE CONSULTATIVE GROUP MECHANISM,

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State Department review completed

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LIMDIS

SUBJ: GOJ AID TO CAMBODIA

1. DEP VICE FONMIN YASUKAWA AND DEP DIR ASIA BUREAU KANAZAWA CALLED TODAY ON ASSISTANT SECRETARY GREEN, AID ASST ADMINISTRATOR O'CONNOR AND DEPT ASST SECY BARGER AT OUR REQUEST IN ORDER DISCUSS GOJ AID TO CAMBODIA. GREEN OUTLINED USG ASSESSMENT OF CURRENT POLITICAL SITUATION IN CAMBODIA AND OUR BELIEF THAT THOSE WHO SHARE COMMON GOALS IN ASIA HAVE SUFFICIENT TIME AND REAL OPPORTUNITY TO CONTRIBUTE MEANINGFUL ASSISTANCE. HE NOTED DISCREPANCY BETWEEN GOJ GOALS AND LEVELS OF ASSISTANCE. USG HARD AT WORK IN DETERMINING PARAMETERS AND MEANS OF PROVIDING MODERATE MILITARY AND ECONOMIC ASSISTANCE. GREEN TALKING POINTS ALSO INCLUDED (A) NEED FOR OTHER COUNTRIES TO SUPPORT CAMBODIAN GOVERNMENT ON ITS MERITS, (B) NEED FOR TANGIBLE DEMONSTRATION OF ASSISTANCE BY OTHER COUNTRIES IN ORDER TO IMPROVE PROSPECTS FOR CONGRESSIONAL APPROVAL OF U.S. PROGRAMS CURRENTLY BEING PLANNED, (C) IMPORTANCE OF IMF SURVEY TEAM REPORT BOTH AS INSTRUCTIVE

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YASUKAWA STATED HE AGREED IN PRINCIPLE. REPORT WOULD, FOR EXAMPLE, ASSIST GOJ IN KNOWING BASIS OF CAMBODIAN DOLS 20 MILLION FOREIGN ASSISTANCE REQUEST. (GOJ EMB OFF SUBSEQUENTLY CALLED DEPT TO CLARIFY THAT YASUKAWA HAD ALSO MEANT TO INDICATE THAT WHILE HE FAVOED IMF STUDY, HE WAS IN NO POSITION TO COMMIT GOJ AS TO WHAT IT WOULD DO AS A RESULT OF THE IMF REPORT).

4. GOJ REPS WENT TO SOME EFFORT DURING CONVERSATION TO DEFEND REPORTING OF AMBASSADOR CHAKAIRISHI STATING THAT HE HAD GONE THROUGH A PESSIMISTIC PERIOD IN JUNE (WHEN HE CONSIDERED EVACUATION) BUT HIS CURRENT ASSESSMENTS WERE NOT MUCH DIFFERENT FROM OURS. KANAZAWA ALSO THANKED USG FOR ITS WILLINGNESS DISCUSS EVACUATION WITH GOJ EMBASSY PHNOM PENH.

5. IN CONCLUSION, YASUKAWA APOLOGIZED THAT HIS REMARKS WERE NOT MORE ENCOURAGING BUT HE WOULD RETURN TO TOKYO AND ATTEMPT TO DO SOMETHING MORE. GREEN NOTED THAT THE SUMS REQUIRES ARE SMALL IN COMPARISON TO THE STAKES. IN RESPONSE TO THEIR CONCERN THAT GOJ WOULD BE CRITICIZED DOMESTICALLY FOR ITS ASSTANCE EFFORTS IF LON NOL GOVERNMENT FELL, GREEN NOTED THAT GOJ WOULD ALSO FACE CRITICISM IF ITS LACK OF ASSISTANCE PREVENTED LON NOL'S SUCCESS.
ROGERS

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